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UNCLAS AMMAN 003425

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USTR FOR C. NOVELLI AND E. SAUMS

E.O.: 12958: N/A

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SUBJECT: JORDAN HINTS AN FTA WAIVER FROM DAMAN PROGRAM WILL NOT FLY

REF: AMMAN 2790

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1. (SBU) Post this week received a letter from Deputy Prime Minister Halaqi, dated April 29, which attempts to walk the cat back from a previous exchange with the Ambassador (reftel) in which Halaqi had been forward-leaning, suggesting that exemption of U.S.-origin imports from the DAMAN pre-shipment inspection program might be possible under the FTA. (Post is faxing a copy of the three-page letter to NEA/ARN.) The letter acknowledges a "request to be exempted", but outlines why the DAMAN program is consistent with the WTO principles. The letter states that DAMAN does not constitute an impediment to exporting U.S. shipments to the Jordanian market. (NOTE: Post will provide separately a point-by-point analysis of the letter, showing why we think DAMAN is both a barrier to existing trade, especially in automobiles, and blocks market access to would-be U.S. exporters, as seen in one graphic example in reftel. END NOTE.)

2. (SBU) The letter concludes, however, by reinforcing DPM Halaqi's more positive assurances from exchanges earlier this year that the Government of Jordan is committed to facilitating trade flows and enhancing trade relations, and will continue to discuss with the U.S. the DAMAN issue.

3. (SBU/NF) COMMENT: The letter echoes what some at the working level have been saying privately: the GOJ cannot find a way to waive the U.S. from DAMAN without violating WTO rules against discrimination. We believe that the intent of the letter is to convey this message formally, without saying so explicitly. We will see Halaqi at the earliest opportunity to raise DAMAN's inconsistency with the bilateral Free Trade Agreement (FTA). Following that conversation, we will provide recommendations on handling this issue at the early June FTA Joint Committee (JC) meeting.  
HALE